

127^e
152

REMARKS
OF
JOHN W. GARRETT

PRESIDENT,

MADE ON APRIL 14TH, 1869,

AT THE

Regular Monthly Meeting of the Board of Directors

OF THE

BALTIMORE AND OHIO R. R. CO.

PRINTED BY ORDER OF THE BOARD.

BALTIMORE:

THE SUN BOOK AND JOB PRINTING OFFICE.

1869.

385.4
B21gar

CENTRAL CIRCULATION BOOKSTACKS

The person charging this material is responsible for its renewal or its return to the library from which it was borrowed on or before the **Latest Date** stamped below. **You may be charged a minimum fee of \$75.00 for each lost book.**

Theft, mutilation, and underlining of books are reasons for disciplinary action and may result in dismissal from the University.


TO RENEW CALL TELEPHONE CENTER, 333-8400

UNIVERSITY OF ILLINOIS LIBRARY AT URBANA-CHAMPAIGN

JAN 06 1997
SEP 16 1996
OCT 14 1996
OCT 15 1996

When renewing by phone, write new due date below
previous due date.

L162



Digitized by the Internet Archive
in 2017 with funding from
University of Illinois Urbana-Champaign Alternates

<https://archive.org/details/remarksofjohnwga00balt>

REMARKS

OF

JOHN W. GARRETT

PRESIDENT,

MADE ON APRIL 14TH, 1869,

AT THE

Regular Monthly Meeting of the Board of Directors

OF THE

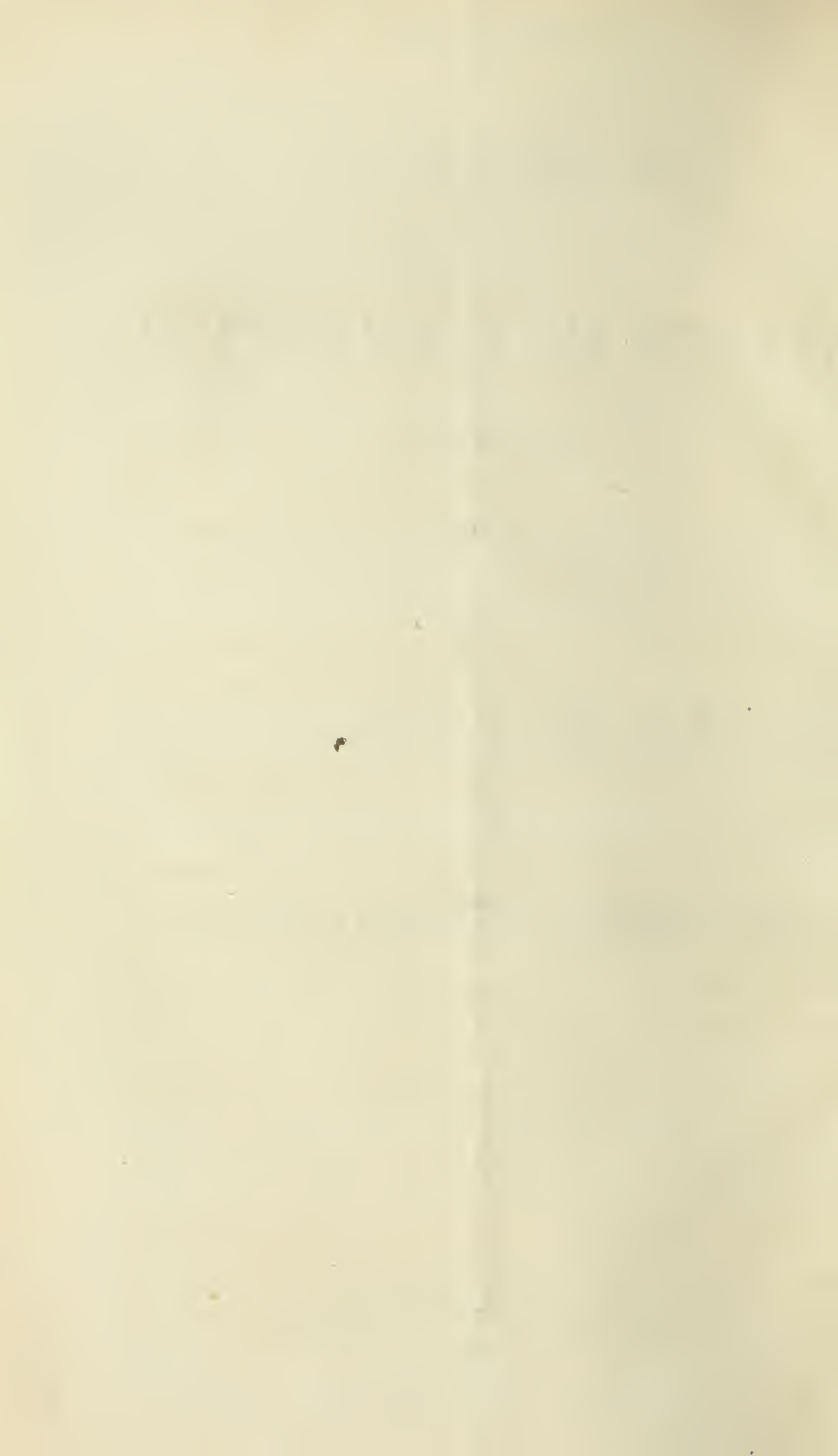
BALTIMORE AND OHIO R. R. CO.

PRINTED BY ORDER OF THE BOARD.

BALTIMORE:

THE SUN BOOK AND JOB PRINTING OFFICE,

1869.



385.4

B 21 gar

REMARKS OF JOHN W. GARRETT,
PRESIDENT,

*Made on the 14th of April, 1869, at the regular
Monthly Meeting of the Board of Directors of
the Baltimore and Ohio Railroad Company.*

The Resolutions proposed by the Committee of Finance for the declaration of the usual semi-annual dividends being before the Board, the President remarked :

THE WORKS PROSECUTED BY THE COMPANY.

GENTLEMEN :

Before taking the vote upon these resolutions a statement in reference to the general financial condition of the company and the progress of its works may be interesting. The Board is aware that the expenditures on the various works which the company is prosecuting are very heavy. Upon the Metropolitan branch large forces are engaged and much work is being performed. The road from Winchester to Strasburg is under contract, and work upon that entire line is also being vigorously prosecuted.

THE OHIO RIVER BRIDGES.

Large preparations have continued to be made of the work for the Ohio river bridges, and the expenditures for these structures now exceed \$500,000. As the Board is aware, an attack was made during the last session of Congress upon the plan for the channel spans of these bridges.

It will be remembered that the bridges at Bellaire and at Parkersburg are being constructed under an act of Congress passed in 1862, under which the Steubenville bridge, which is used by the Pennsylvania road and its connections, was also built. That bridge remains, and has not been practically attacked by those who assume that the navigation of the river will be interfered with by the bridges of the Baltimore and Ohio Company. Under the act of 1862 the water way between the channel piers is required to be not less than three hundred feet. The Steubenville bridge was so imperfectly constructed—the piers having been built with such insecure foundations—that, in order to maintain them, twenty feet of rip-rapping on each side of each pier was required, so that the water way has been reduced to two hundred and sixty instead of being three hundred feet, as required by law.

That bridge was also constructed in a bend of the river, where the water was crooked, and where there were serious difficulties in navigation, irrespective of the structure itself. The bridges planned by the Baltimore and Ohio Company have been located not only in straight water, but where, for half a mile above and below each site, there is a direct current, thus preventing the difficulties that arise from crooked water, which exists wherever the river curves. The Baltimore and Ohio Company also, instead of attempting to place its piers upon the bottom of the river, with little or no foundations, has, at great cost—and thus far under great difficulties, arising principally from the frequent rises of the river during the last season, which destroyed or damaged seriously and repeatedly its coffer dams—constructed its piers with an average depth of foundation of eleven feet, thus making them so substantial that when constructed the superstructures can be placed upon the piers and the bridges be safe without a resort to rip-rapping.

Under these circumstances the company represented to the committees of the House of Representatives and the Senate that it was unjust and unreasonable because the Pennsylvania Railroad Company *had violated the law*, that the Baltimore and Ohio Company should not be permitted to carry out its plans

in strict compliance with the law. The company also, instead of selecting locations where the water was shallow, selected pools, so as to give this important additional protection to navigation. After repeated presentations of the facts, the company succeeded in rescuing its rights from the perils which were threatened.

In this, as in most other cases involving adverse legislation, the antagonistic efforts were inspired chiefly by rival railway interests. The company is in a position, fortunately, to proceed with these great works—works which are of vast importance to the country as well as to the Baltimore and Ohio Railroad and its connections. It will therefore be the policy of the company to press their construction vigorously during the approaching season.

REVENUE.

It will also be gratifying to learn that, notwithstanding the complications in the West arising from efforts to cut off the Baltimore and Ohio road from some of its natural connections, yet, during the past month of March, with the relations that the company has been able to maintain, and others which it has improved, whilst the revenue of the main stem and branches, in March, 1868, was \$718,591 68, the revenue for the last month viz: March, 1869, proved to be \$936,494 86—thus showing an increase for that month of \$217,903 18. This exhibit proves that the policy of the Baltimore and Ohio Company has not been erroneous in declining to fasten upon itself, at prodigious cost, during a period of extraordinary extravagance and excitement, unremunerative western connections.

The Pennsylvania road has deemed it proper to make an agreement with a single association of financially weak roads west of Columbus, by which it agrees to pay annually, as a minimum, the sum of seven per cent. on \$20,000,000 of debt, viz: \$1,400,000 a year; and the supposition has been indulged that the Baltimore and Ohio Company might be cut off by such an arrangement; but the power of the Baltimore and Ohio road—having so strengthened and enlarged the business of the city of Baltimore—enables it *to command such a business for the West* that upon the principle of reciprocity, on which it acts, it is in a position *to command business from the West* by a sufficient number of satisfactory and desirable routes.

THE MARIETTA AND CINCINNATI RAILROAD.

In consequence of the embarrassments of the Marietta and Cincinnati Company, this company has continued to assist it largely. The completion of the arching of the twenty-three tunnels on the Parkersburg branch, and the general improvement of the condition of that road, combined with the improved state of the Marietta and Cincinnati road; under the present vigorous administration of the affairs of that company, will enable the Baltimore and Ohio Company to do that which has been unprecedented in the history of travel betwixt the East and West. The company design establishing a line between Baltimore and Cincinnati, via the Parkersburg branch, which will require but twenty-three and a-half hours between the two cities. This arrangement will commence with our spring schedules, and the line cannot fail to command a large increase of traffic.

THE PITTSBURG AND CONNELLSVILLE RAILROAD.

The work upon the Pittsburg and Connellsville road is progressing satisfactorily, and it is proposed to place, at an early day, all the remaining sections under contract. No effort will be spared to open this invaluable and powerful line at the earliest practicable period. That company continues to dispose of its seven per cent. first mortgage bonds at ninety per cent. It is hoped that capitalists will continue to invest largely in this desirable security.

ISSUE OF PREFERRED STOCK.

To meet the requirements of funds for the important works in progress, the Baltimore and Ohio Company is now furnishing its preferred six per cent. stock at par. As this security is of the very highest order, is perpetual and free from both State and municipal taxes, it offers a most reliable and inviting investment.

THE WASHINGTON COUNTY RAILROAD.

Among the works which the company has prosecuted to completion is the Washington County Road. It is proper to state that whilst this Branch was undertaken measurably, by this

company, in view of the disappointment originally of our fellow-citizens of that portion of the State, which arose from the final location of the Baltimore and Ohio road, yet it was also hoped by its friends that the enterprise might prove remunerative. The results, however, have not been satisfactory, financially. The road has been in operation from December 1st, 1867, and up to March 31, 1869—sixteen months—the earnings from passengers amounted to but \$39,503 67, and from tonnage to \$29,336 12, making an aggregate revenue for that entire period of \$68,839 79. The actual working expenses, irrespective of construction, during these sixteen months, were \$75,225 03, leaving a deficit of \$6,385 24. This deficit exists in addition to the expenditures incident to the completion of the road during the same period, viz: \$52,503 69, which were charged to construction. Besides this loss, the further loss of upwards of \$70,000 has been sustained, being the interest for that time at six per cent. on the capital expended in the construction of the road. Why has this disappointment arisen? It was, of course, originally understood that the Chesapeake and Ohio canal and the Main Stem of the Baltimore and Ohio road furnished abundant and cheap facilities of transportation for a large portion of Washington county—that the Cumberland Valley road, extending also to Hagerstown, was an outlet to Baltimore, through the Northern Central road, and to Philadelphia and New York by the Pennsylvania road, and that, consequently, severe competition would occur; but that competition has proven greater than anticipated, and so great have been the facilities for transportation for the relatively small business to be obtained, that it has been demonstrated that the Baltimore and Ohio Company could conveniently transport in one week all the business that it has been in its power to obtain in the sixteen months elapsed since the opening of the road.

The policy of the Baltimore and Ohio Company, in order to advance the interests, and benefit the farmers and merchants of Washington county, and to command a heavy traffic, was to reduce the charges both for passengers and freight very largely, and yet, even with the great reductions made on the rates

charged by the Pennsylvania road, prior to the opening of this line, from which such unremunerative results have followed, the company has found it impossible to obtain more than the very limited business stated.

The magnitude of these reductions, and the efforts of the company to secure business and increase the trade with Baltimore, should be justly estimated when attention is called to the facts, that the charge by the Pennsylvania and Northern Central Roads, for passage from Hagerstown to Baltimore, prior to the opening of the Washington County Road, was \$4.60, whilst that by the Washington County and Baltimore and Ohio Roads is but \$3.50 ; and that whilst before the competition of the Baltimore and Ohio Company, those roads charged sixty cents per barrel for flour—the Baltimore and Ohio Company has reduced the charge to thirty-five cents per barrel.

As the rates have been so reduced that heavy losses occur in working the Washington County Road, the citizens of that County should appreciate that they are benefitted constantly and largely by the enterprise and liberality of the Baltimore and Ohio Company.

The results stated have not occurred because Washington county is not a great and productive region, nor because there is not a considerable business, but simply because, with the Chesapeake and Ohio canal and two powerful railway companies, prepared for a large business, a capacity of transportation has been established immensely beyond any existing or possible requirements for the traffic of that region. The Baltimore and Ohio Company has the satisfaction of having met the wishes of that section of the State. Financially, however, it is proper that the true relations and losses connected with the line should be understood. Another lesson is thus furnished, showing that the true policy in building railways is not to construct parallel lines or to furnish additional railways to points whence the business cannot possibly be commensurate with the capital and facilities afforded.

DISTANT CONNECTIONS.

The policy generally pursued by this company has been to strike for *new and distant regions and for additional sources of business*. By this policy great regions are accommodated and supplied with avenues of the highest utility and advantage, and immense amounts of traffic necessarily flow through such new channels, and aid enormously in building up the terminal points, and thus insure a legitimate and natural increase of business, which causes every interest connected with a commercial community to advance and prosper.

THE COAL TRADE.

The company has not hesitated to continue, in addition to providing a double-tracked line to the coal regions, to expend large sums in furnishing the additional plant required for the advancement of that highly important interest. It was decided some time since to build an addition to the coal equipment of four hundred hoppers of eleven tons capacity each. Of these a large proportion has already been built and is in service. Fifteen locomotives have also been recently added to the equipment. By these means and facilities the coal trade has already swollen to a volume which exceeds 4,000 tons per day.

This quantity is now regularly brought to our wharves, and the design of the company, if its ability to so act be not checked by untoward circumstances, is to continue to do all that is possible to develop this important trade. It will be remembered that the company, in the early part of 1868, reduced largely the tariff on coal. It will also be remembered that the demand became enormous—far beyond the expectations of the bituminous coal-carrying interests. As the season advanced, it became clear that the company could readily have obtained for its then full capacity of transportation an increase of one dollar per ton on the charge made; but in the pursuit of the wise policy upon which you determined, no advance was made,

and this coal was supplied continuously at the lowest possible cost; during the winter, also, no change in the tariff was made. The business was unprecedentedly large, and at the opening of navigation the demand increased beyond any previous experience.

EFFECT OF THE LOW TARIFF ON COAL ON THE MANUFACTURING INTERESTS OF BALTIMORE.

Another interesting and gratifying result to our community is shown in connection with this low tariff. The increase in the consumption of coal by the manufacturing interests of Baltimore is very marked. In an important instance a great manufacturing interest—the Baltimore Copper Smelting Company—is being sustained chiefly, and succeeds, because, as against Northern competition, it is supplied with cheap coal, controlled by the low rates of tariff of the Baltimore and Ohio Company. The manufacturing interests of Baltimore are constantly increasing, and chiefly because of the great comparative advantages resulting from an abundant supply of this fuel at low prices.

STEAMSHIP ENTERPRISES.

The progress of our steamship enterprises has continued very satisfactory. The North German Lloyd have found that such are the comparative economies and advantages of this port—especially in the cheapness of coal—that, without demanding aid from Baltimore or American interests, beyond what might be agreeable to those interests to contribute, that company has already doubled the number of ships upon the line. At this moment not only is a full cargo awaiting the next steamer, but we have the satisfaction to state that sufficient cargo is offered to load at once two instead of one of the steamers. It is therefore reasonable to anticipate that this line, which was inaugurated with two ships, and which in one year increased to four, will, in less than two years, have not less than eight first-class steamers plying between Baltimore and Bremen. The economy in the cost of coal of \$2.50 per ton,

as compared with New York, aids largely in the success of this enterprise.

In this connection it will be interesting to state that, whilst the company has long been anxious to establish a line of first-class steamers between Liverpool and Baltimore, of larger capacity than of those which have heretofore been placed upon that route, yet, in consequence of the depressed condition of the traffic between Liverpool and New York, and the unprofitable results of the lines between those ports, no satisfactory arrangement could be heretofore effected. Within the past week, however, negotiations have been opened with an important and influential foreign house which indicate that it is prepared to join this company, probably in the course of a few months, in establishing a line of the character and capacity desired.

LOCUST POINT ROUTE.

Much objection has been made by passengers between the National Capital and Philadelphia and New York to the delay in passing through the streets of Baltimore by horse power, as well as to the slow speed required in approaching Camden and President-street stations. The increasing business of the city adds constantly to the use of Pratt street, and causes serious difficulties in transferring cars in the passenger and freight service between the Philadelphia and Baltimore and Ohio stations. These embarrassments in transportation produce also much apprehension, although, with the great care exercised, but few accidents have occurred. Under these circumstances the company has sought most carefully for a plan which would prove permanently for the best interests of the community, and accomplish, in the most convenient manner, the rapid transfer demanded by the public interests. Our engineers and officers, in conjunction with those of the Philadelphia, Wilmington and Baltimore Company, have unanimously decided that the true route will be upon the peninsula of Locust Point, where the population is relatively limited, and where the construction and facilities of the railroad will advance the value of property and

promote the convenience of the people. The company, for the reasons stated, has secured the property that will be requisite to accomplish the desired object. It will become necessary, in carrying out the improvement, to open a street and obtain authority for its use.

So far as has been learned, the line proposed meets very generally with the approval of those interested. The Baltimore and Ohio Railroad Company can thus construct a very direct route to a point east of the European steamship piers. Between this site and Canton the passenger trains from and to Washington can be readily and rapidly transferred in barges by the use of steamtugs, as has been so successfully done for two years past by this company over the Ohio river at Bellaire and Parkersburg. This system will solve a problem of very great interest to the citizens of Baltimore. It will also enable the company to transfer its freights with economy and dispatch. This line can also be used for the transfer of freight to and from the Northern Central Road, and thus to an important extent relieve the track upon Howard street. As it is clear that it is the interest of the Northern Central Company to build a road to tide for its coal traffic, it is evident that when such a line be built the transfer suggested can be advantageously made. The New Jersey and Camden and Amboy companies also unite in the desire to have this improvement in the line effected.

As the board is unanimous in its judgment regarding the importance and desirableness of the improvement, the chair suggests the appointment of a special committee, to be composed of the city directors, to present the subject for the consideration and action of the City Councils. The proper notice required by law in such cases has been duly given, and the application can, therefore, be at once considered. If the requisite authority be promptly granted, it is contemplated that the line will be placed in operation during the coming season.

[In accordance with the suggestion of the chair, a resolution was unanimously adopted appointing the city directors a special committee to present the subject to the councils.]

SOUTHERN CONNECTIONS.—THE VIRGINIA VALLEY AND THE LYNCHBURG & DANVILLE RAILWAYS.

After the transaction of other general business, the President referred as follows to additional Southern connections :

There are two proposed railway improvements of vital importance to this community, the facts in relation to which will be presented at an early day in a manner that will attract great public attention. The aid of the Baltimore and Ohio Company to the Winchester and Strasburg road will effect the opening of the line to Harrisonburg, 101 miles from the main stem, at Harper's Ferry, during the next autumn. There will then be a gap of but 113 miles from Harrisonburg to Salem—the construction of which will not only develop the business of the magnificent Valley of Virginia, but also open, under the most favorable auspices and influences, a great line to New Orleans, which will largely command the traffic of the vast intermediate territory.

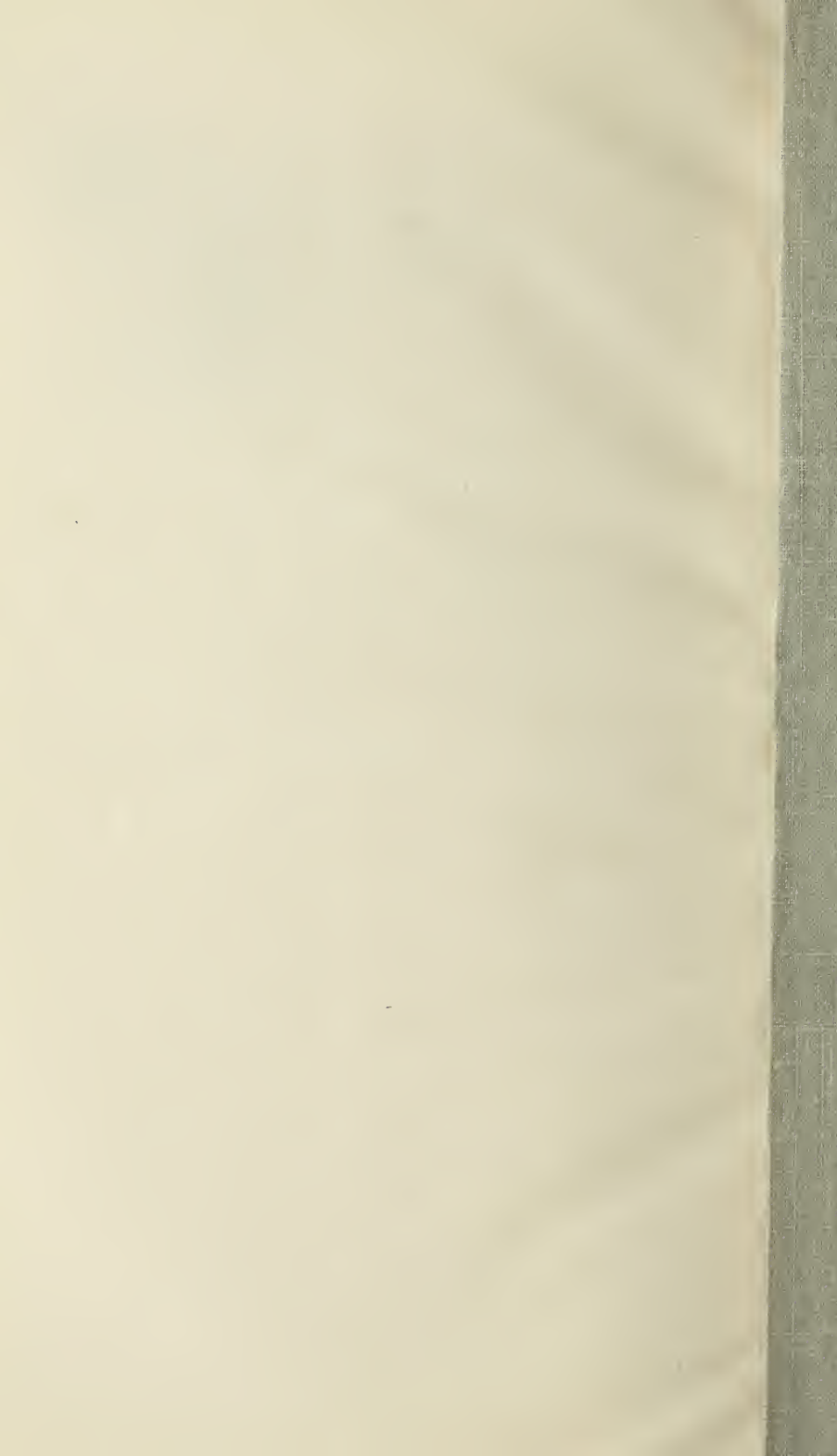
Another gap, of but sixty miles, exists between Lynchburg and Danville, the filling of which will connect the Orange and Alexandria road with a highly important system of Southern railways, by which an enormous business will necessarily be directed to Baltimore which now passes to the coast.

The leading citizens in those sections are extremely anxious to have these roads constructed. They want, in view of the advantages which must result to their regions, enlarged commercial intercourse with Baltimore. They are willing to contribute largely for the works themselves. The counties on the Valley line propose to subscribe \$1,200,000. That Company proposes to ask the city of Baltimore to subscribe a million to its stock.

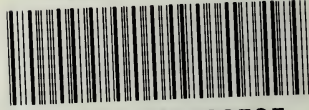
The Lynchburg and Danville interests propose to supply all the capital that will be requisite but \$500,000. This sum they wish to obtain from the city of Baltimore. Under these circumstances large delegations of the most eminent citizens in Virginia—Messrs. Harman, Barbour, Baldwin, Pendleton, Sheffey, General R. E. Lee, and others of equal prominence and influence—it is expected will visit Baltimore about the 21st of this month to confer with its authorities and citizens.

It will be seen that, as a mere railroad question, the Baltimore and Ohio Company has but little interest in these extensions, whilst incalculable benefits would result from their construction to the business interests of Baltimore. As this company is now engaged in enterprises for the prosecution of which all its resources are required, those connected with it can only aid as citizens, and co-operate to secure the requisite capital. It has been heretofore found impossible to obtain the large sums necessary for such works from individuals. Therefore, the only practicable plan appears to be for the city to render the necessary assistance. It is the judgment of many who have carefully considered the subject that if the city of Baltimore can, by subscribing \$1,000,000 to the Valley line and \$500,000 to the Lynchburg and Danville line, secure their construction, and thus open these direct and first-class avenues to Baltimore, this community will absolutely gain in advantage and net profits on the vast business that will be thus commanded, not less than the aggregate amount (\$1,500,000) in each and every year after their completion. In that judgment the chair fully coincides. It is stated that very large delegations will visit Baltimore. If, when these gentlemen arrive, full co-operation be extended, and the facts and interests connected with these great subjects be presented and understood in the community and in the city councils, and aid be granted, it will undoubtedly lead to results in the commercial progress of Baltimore as important and valuable, in connection with the Southern trade, as the developments and extensions of the Baltimore and Ohio road are bringing about in the trade of the West, the Northwest and the Southwest. The chair feels that the importance and magnitude of the interests involved in these enterprises cannot be too earnestly urged.

[Subsequent to the remarks of the President regarding the financial condition of the Company, the report of the Committee of Finance was adopted.]



UNIVERSITY OF ILLINOIS-URBANA



3 0112 002430525